

General Assembly

Raised Bill No. 6650

January Session, 2013

LCO No. 4654



Referred to Committee on COMMERCE

Introduced by: (CE)

time;

AN ACT CONCERNING ENERGY EFFICIENCY PROGRAMS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (Effective July 1, 2013) As used in this section and 2 sections 2 and 3 of this act:
- 3 (1) "Heating oil" means a predominantly liquefied petroleum 4 product at ambient temperatures, that is sold as a commodity and is a 5 primary source of residential heating or domestic hot water, including 6 products known as #2 oil (heating oil), #1 oil (kerosene), #4 oil, bio fuels, or any bio fuel blended with conventionally refined fossil fuel 8 commodities and that meets the requirements of the American Society 9 for Testing and Materials Standard D396, as amended from time to 10
- 11 (2) "Propane" means a petroleum product that meets ASTM 12 specification D1835, as amended from time to time, and is composed 13 predominantly of any of the following hydrocarbons or mixtures 14 thereof: Propane, propylene, butanes (normal butane or isobutane), 15 and butylenes and is intended for use, among other things, as a fuel for

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- 17 (3) "Vessel" has the same meaning as in section 15-127 of the general statutes.
- 19 Sec. 2. (NEW) (Effective July 1, 2013) (a) There is created a fund to be 20 known as the Oil Heat and Propane Energy Efficiency Fund, which 21 shall be held in trust separate and apart from all other moneys, funds 22 and accounts. The fund shall contain any moneys required by law to 23 be deposited therein, including the proceeds from the excise tax 24 imposed pursuant to section 3 of this act. The fund shall not be subject 25 to appropriation or allotment. Any balance remaining in the fund at 26 the end of any fiscal year shall be carried forward in the fund for the 27 fiscal year next succeeding. The Fuel Oil Conservation Board shall 28 authorize disbursements from the fund to the Energy Conservation 29 and Load Management Fund in amounts consistent with the plan 30 developed pursuant to section 16-245m of the general statutes, as 31 amended by this act.
- 32 (b) All moneys received or collected by the state or any officer 33 thereof on account of, or derived from, the excise tax imposed 34 pursuant to section 3 of this act shall be credited by the State Treasurer 35 to the Oil Heat and Propane Energy Efficiency Fund.
 - (c) The Fuel Oil Conservation Board shall report to the Department of Energy and Environmental Protection on a quarterly basis with a statement of (1) all amounts credited to the fund, by source, and (2) all expenditures made from the fund.
- Sec. 3. (NEW) (*Effective July 1, 2013*) (a) An excise tax per gallon of heating oil and propane, each as defined in section 1 of this act, is hereby imposed in the following amounts on the following dates, upon all persons licensed to sell such fuel under the provisions of section 16a-23m of the general statutes: (1) One and one-half cents per gallon on or after July 1, 2013, but before July 1, 2014; (2) two and one-half cents per gallon on or after July 1, 2014, but before July 1, 2015; and (3)

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three and one-half cents per gallon on or after July 1, 2015, provided no excise tax shall be imposed on such fuel used by vessels, railroad, utilities, farmers and the military or such fuel sold for purposes other than for residential heating or domestic hot water.

- (b) Each such licensee shall, not later than the first business day of the second month next following the date on which such tax is imposed, file with the Commissioner of Revenue Services, on forms prescribed by said commissioner, a report that shall show the number of gallons of fuel in inventory as of the close of business on the date on which such tax is imposed, or at midnight of such date, and at the same time shall pay such tax based upon the total gallonage shown on such report. The Department of Energy and Environmental Protection shall cooperate with the Commissioner of Revenue Services in the enforcement of this tax. Failure to file such report and pay the tax when due shall be sufficient reason to revoke any state license or permit held by such person and interest at the rate of one per cent per month or fraction thereof shall be assessed on the amount of such tax not paid when due, from the date such tax becomes due to the date of payment.
- Sec. 4. Section 16-245m of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2013*):
- (a) (1) On and after January 1, 2000, the Public Utilities Regulatory
 Authority shall assess or cause to be assessed a charge of three mills
 per kilowatt hour of electricity sold to each end use customer of an
 electric distribution company to be used to implement the program as
 provided in this section for conservation and load management
 programs but not for the amortization of costs incurred prior to July 1,
 1997, for such conservation and load management programs.
 - (2) Notwithstanding the provisions of this section, receipts from such charge shall be disbursed to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005, unless the

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authority shall, on or before October 30, 2003, issue a financing order for each affected electric distribution company in accordance with sections 16-245e to 16-245k, inclusive, to sustain funding of conservation and load management programs by substituting an equivalent amount, as determined by the authority in such financing order, of proceeds of rate reduction bonds for disbursement to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005. The authority may authorize in such financing order the issuance of rate reduction bonds that substitute for disbursement to the General Fund for receipts of both the charge under this subsection and under subsection (b) of section 16-245n and also may, in its discretion, authorize the issuance of rate reduction bonds under this subsection and subsection (b) of section 16-245n that relate to more than one electric distribution company. The authority shall, in such financing order or other appropriate order, offset any increase in the competitive transition assessment necessary to pay principal, premium, if any, interest and expenses of the issuance of such rate reduction bonds by making an equivalent reduction to the charge imposed under this subsection, provided any failure to offset all or any portion of such increase in the competitive transition assessment shall not affect the need to implement the full amount of such increase as required by this subsection and by sections 16-245e to 16-245k, inclusive. Such financing order shall also provide if the rate reduction bonds are not issued, any unrecovered funds expended and committed by the electric distribution companies for conservation and load management programs, provided such expenditures were approved by the authority after August 20, 2003, and prior to the date of determination that the rate reduction bonds cannot be issued, shall be recovered by the companies from their respective competitive transition assessment or systems benefits charge but such expenditures shall not exceed four million dollars per month. All receipts from the remaining charge imposed under this subsection, after reduction of such charge to offset the increase in the competitive transition assessment as provided in this subsection, shall be disbursed to the Energy Conservation and

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- Load Management Fund commencing as of July 1, 2003. Any increase in the competitive transition assessment or decrease in the conservation and load management component of an electric distribution company's rates resulting from the issuance of or obligations under rate reduction bonds shall be included as rate adjustments on customer bills.
- 118 (3) Repealed by P.A. 11-61, S. 187.

- (b) The electric distribution company shall establish an Energy Conservation and Load Management Fund which shall be held separate and apart from all other funds or accounts. Receipts from the charge imposed under subsection (a) of this section and disbursements from the Oil Heat and Propane Energy Efficiency Fund pursuant to section 2 of this act shall be deposited into the fund. Any balance remaining in the fund at the end of any fiscal year shall be carried forward in the fiscal year next succeeding. Disbursements from the fund by electric distribution companies to carry out the plan developed under subsection (d) of this section shall be authorized by the Public Utilities Regulatory Authority upon its approval of such plan.
- (c) The Commissioner of Energy and Environmental Protection shall appoint and convene an Energy Conservation Management Board which shall include representatives of: (1) An environmental group knowledgeable in energy conservation program collaboratives; (2) a representative of the Office of Consumer Counsel; (3) the Attorney General; (4) the electric distribution companies in whose territories the activities take place for such programs; (5) a state-wide manufacturing association; (6) a chamber of commerce; (7) a state-wide business association; (8) a state-wide retail organization; (9) a representative of a municipal electric energy cooperative created pursuant to chapter 101a; (10) two representatives selected by the gas companies in this state; and (11) residential customers. Such members shall serve for a period of five years and may be reappointed. Representatives of gas

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companies, electric distribution companies and the municipal electric energy cooperative shall be nonvoting members of the board. The commissioner shall serve as the chairperson of the board.

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147 (d) (1) The Energy Conservation Management Board and the Fuel 148 Oil Conservation Board, established under section 16a-22n, shall 149 advise and assist the electric distribution companies in the development and implementation of a comprehensive plan, which 150 151 plan shall be approved by the Department of Energy and 152 Environmental Protection, to implement cost-effective energy 153 conservation programs and market transformation initiatives. Such 154 plan shall include steps that would be needed to achieve the goal of 155 weatherization of eighty per cent of the state's residential units by 156 2030. Each program contained in the plan shall be reviewed by the 157 electric distribution company and either accepted or rejected by the 158 Energy Conservation Management Board prior to submission to the 159 department for approval. Each program contained in the plan 160 concerning consumers of heating oil or propane shall be reviewed by 161 the electric distribution company and either accepted or rejected by the 162 Energy Conservation Management Board and the Fuel Oil 163 conservation board prior to submission to the department for 164 approval. The Energy Conservation Management Board and the Fuel 165 Oil Conservation Board shall, as part of [its] their review, examine 166 opportunities to offer joint programs providing similar efficiency 167 measures that save more than one fuel resource or otherwise to 168 coordinate programs targeted at saving more than one fuel resource. 169 Any costs for joint programs shall be allocated equitably among the 170 conservation programs. The Energy Conservation Management Board 171 and the Fuel Oil Conservation Board shall give preference to projects 172 that maximize the reduction of federally mandated congestion charges. 173 The Department of Energy and Environmental Protection shall, in an 174 uncontested proceeding during which the department may hold a 175 public hearing, approve, modify or reject the comprehensive plan 176 prepared pursuant to this subsection.

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(2) There shall be a joint committee of the Energy Conservation Management Board, the Fuel Oil Conservation Board and the board of directors of the Clean Energy Finance and Investment Authority, [. The board and the advisory committee] which shall each appoint members to such joint committee. The joint committee shall examine opportunities to coordinate the programs and activities funded by the Clean Energy Fund pursuant to section 16-245n with the programs and activities contained in the plan developed under this subsection to reduce the long-term cost, environmental impacts and security risks of energy in the state. Such joint committee shall hold its first meeting on or before August 1, 2005.

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(3) Programs included in the plan developed under subdivision (1) of this subsection shall be screened through cost-effectiveness testing that compares the value and payback period of program benefits to program costs to ensure that programs are designed to obtain energy savings and system benefits, including mitigation of federally mandated congestion charges, whose value is greater than the costs of the programs. Program cost-effectiveness shall be reviewed annually, or otherwise as is practicable, and shall incorporate the results of the evaluation process set forth in subdivision (4) of this subsection. If a program is determined to fail the cost-effectiveness test as part of the review process, it shall either be modified to meet the test or shall be terminated. On or before March 1, 2005, and on or before March first annually thereafter, the board shall provide a report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment that documents (A) expenditures and fund balances and evaluates the cost-effectiveness of such programs conducted in the preceding year, including any increased costeffectiveness owing to programs that save more than one fuel resource, and (B) the extent to and manner in which the programs of such board collaborated and cooperated with programs, established under section 7-233y, of municipal electric energy cooperatives. To maximize the

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210 reduction of federally mandated congestion charges, programs in the 211 plan may allow for disproportionate allocations between the amount 212 of contributions to the Energy Conservation and Load Management 213 Funds by a certain rate class and the programs that benefit such a rate 214 class. Before conducting such evaluation, the board shall consult with 215 the board of directors of the Clean Energy Finance and Investment 216 Authority. The report shall include a description of the activities 217 undertaken during the reporting period jointly or in collaboration with 218 the Clean Energy Fund established pursuant to subsection (c) of 219 section 16-245n.

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(4) The Department of Energy and Environmental Protection shall independent, comprehensive program evaluation, measurement and verification process to ensure the Energy Conservation Management Board's programs are administered appropriately and efficiently, comply with statutory requirements, programs and measures are cost effective, evaluation reports are accurate and issued in a timely manner, evaluation results are appropriately and accurately taken into account in program development and implementation, and information necessary to meet any third-party evaluation requirements is provided. An annual schedule and budget for evaluations as determined by the board shall be included in the plan filed with the department pursuant to subdivision (1) of this subsection. The electric distribution and gas company representatives and the representative of a municipal electric energy cooperative may not vote on board plans, budgets, recommendations, actions or decisions regarding such process or its program evaluations and their implementation. Program and measure evaluation, measurement and verification shall be conducted on an ongoing basis, with emphasis on impact and process evaluations, programs or measures that have not been studied, and those that account for a relatively high percentage of program spending. Evaluations shall use statistically valid monitoring and data collection techniques appropriate for the programs or measures being evaluated.

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All evaluations shall contain a description of any problems encountered in the process of the evaluation, including, but not limited to, data collection issues, and recommendations regarding addressing those problems in future evaluations. The board shall contract with one or more consultants not affiliated with the board members to act as evaluation administrator, advising the board regarding development of a schedule and plans for evaluations and overseeing the program evaluation, measurement and verification process on behalf of the board. Consistent with board processes and approvals and department decisions regarding evaluation, such evaluation administrator shall implement the evaluation process by preparing requests for proposals and selecting evaluation contractors to perform program and measure evaluations and by facilitating communications between evaluation contractors and program administrators to ensure accurate and independent evaluations. In the evaluation administrator's discretion and at his or her request, the electric distribution and gas companies shall communicate with the evaluation administrator for purposes of data collection, vendor contract administration, and providing necessary factual information during the course of evaluations. The evaluation administrator shall bring unresolved administrative issues or problems that arise during the course of an evaluation to the board for resolution, but shall have sole authority regarding substantive and implementation decisions regarding any evaluation. Board members, including electric distribution and gas company representatives, may not communicate with an evaluation contractor about an ongoing evaluation except with the express permission of the evaluation administrator, which may only be granted if the administrator believes the communication will not compromise the independence of the evaluation. The evaluation administrator shall file evaluation reports with the board and with the department in its most recent uncontested proceeding pursuant to subdivision (1) of this subsection and the board shall post a copy of each report on its Internet web site. The board and its members, including electric distribution and gas company representatives, may

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file written comments regarding any evaluation with the department or for posting on the board's Internet web site. Within fourteen days of the filing of any evaluation report, the department, members of the board or other interested persons may request in writing, and the department shall conduct, a transcribed technical meeting to review the methodology, results and recommendations of any evaluation. Participants in any such transcribed technical meeting shall include the evaluation administrator, the evaluation contractor and the Office of Consumer Counsel at its discretion. On or before November 1, 2011, and annually thereafter, the board shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy, with the results and recommendations of completed program evaluations.

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(5) Programs included in the plan developed under subdivision (1) of this subsection may include, but not be limited to: (A) Conservation and load management programs, including programs that benefit lowincome individuals; (B) research, development and commercialization of products or processes which are more energy-efficient than those generally available; (C) development of markets for such products and processes; (D) support for energy use assessment, real-time monitoring systems, engineering studies and services related to new construction major building renovation; (E) the design, manufacture, commercialization and purchase of energy-efficient appliances and heating, air conditioning and lighting devices; (F) program planning and evaluation; (G) indoor air quality programs relating to energy conservation; (H) joint fuel conservation initiatives programs targeted at reducing consumption of more than one fuel resource; (I) public education regarding conservation; and (I) demand-side technology programs recommended by the integrated resources plan approved by the Department of Energy and Environmental Protection pursuant to section 16a-3a. The board shall periodically review contractors to determine whether they are qualified to conduct work related to such programs. Such support may be by direct funding, manufacturers'

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- 310 rebates, sale price and loan subsidies, leases and promotional and
- 311 educational activities. The plan shall also provide for expenditures by
- 312 the Energy Conservation Management Board for the retention of
- 313 expert consultants and reasonable administrative costs provided such
- 314 consultants shall not be employed by, or have any contractual
- 315 relationship with, an electric distribution company. Such costs shall
- 316 not exceed five per cent of the total revenue collected from the
- 317 assessment.
- 318 (e) Deleted by P.A. 11-80, S. 33.
- 319 (f) No later than December 31, 2006, and no later than December
- 320 thirty-first every five years thereafter, the Energy Conservation
- 321 Management Board shall, after consulting with the Clean Energy
- 322 Finance and Investment Authority, conduct an evaluation of the
- 323 performance of the programs and activities of the fund and submit a
- 324 report, in accordance with the provisions of section 11-4a, of the
- 325 evaluation to the joint standing committee of the General Assembly
- 326 having cognizance of matters relating to energy.
- 327 (g) Repealed by P.A. 06-186, S. 91.
- Sec. 5. Subsection (b) of section 16a-46h of the general statutes is
- repealed and the following is substituted in lieu thereof (*Effective July*
- 330 1, 2013):
- 331 (b) After August 1, 2013, the costs of subsidizing such audits to
- 332 ratepayers whose primary source of heat is not electricity or natural
- gas shall not exceed five hundred thousand dollars per year. After July
- 334 1, 2014, the costs of subsidizing such audits to ratepayers whose
- primary source of heat is not electricity or natural gas shall not exceed
- 336 the amount collected pursuant to the excise tax established by section 3
- of this act in the preceding twelve-month period.
- Sec. 6. Subsection (a) of section 16a-40l of the general statutes is
- repealed and the following is substituted in lieu thereof (Effective July

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340 1, 2013):

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(a) On or before October 1, 2011, the Department of Energy and Environmental Protection shall establish a residential heating equipment financing program. Such program shall allow residential customers to finance, through on-bill financing or other mechanism, the installation of energy efficient natural gas or heating oil burners, boilers and furnaces to replace (1) burners, boilers and furnaces that are not less than seven years old with an efficiency rating of not more than seventy-five per cent, or (2) electric heating systems. Eligible fuel oil furnaces shall have an efficiency rating of not less than eighty-six per cent. An eligible fuel oil burner shall have an efficiency rating of not less than eighty-six per cent with temperature reset controls. An eligible natural gas boiler shall have an annual fuel utilization efficiency rating of not less than ninety per cent and an eligible natural gas furnace shall have an annual fuel utilization efficiency rating of not less than ninety-five per cent. All eligible furnaces and boilers shall meet or exceed federal Energy Star standards. To participate in the program established pursuant to this subsection, a customer shall first have a home energy audit, the cost of which may be financed pursuant to subsection (b) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2013	New section
Sec. 2	July 1, 2013	New section
Sec. 3	July 1, 2013	New section
Sec. 4	July 1, 2013	16-245m
Sec. 5	July 1, 2013	16a-46h(b)
Sec. 6	July 1, 2013	16a-40l(a)

Statement of Purpose:

To (1) establish a heating fuel excise tax to provide funding for the implementation of cost-effective energy conservation programs, and (2) require any furnaces or boilers to be Energy Star compliant in order to qualify for the residential heating equipment financing program.

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[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

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